

CITY COMMISSION BUDGET WORKSHOP
August 3, 2010
5:30 PM

Elected Officials Present:

Shirley Groover Bryant, Mayor
Tamara Cornwell, Vice Mayor, Commissioner-at-Large 2
Mary Lancaster, Commissioner, Ward 1
Tambra Varnadore, Commissioner, Ward 2
Brian Williams, Commissioner, Ward 3

Elected Official Absent:

Alan Zirkelbach, Commissioner-at-Large 1

Staff and Others Present:

Jim Freeman, City Clerk
Allen Tusing, Public Works Director
Chief Wells
Mark Barnebey, City Attorney
Deanna Roberts, Administrative Assistant

Mayor Bryant called the meeting to order at 5:30 p.m.

A discussion of the new budgetary policy continued from the August 2 meeting.

Discussion of the budgetary policy continued at page 7: Carried forward POs.

Mrs. Simpson said that unless there is a valid reason to carry an encumbrance forward, such as being tied to a contract or a grant, it will be liquidated

Commissioner Williams asked Mrs. Simpson for a timeline of when the new policy will be in writing, and where the performance measurement information will come from. Mrs. Simpson said there are classes online if Commission is interested. She is still formulating a performance measurement plan. She hopes to have a detailed plan in place by mid 2011.

Commissioner Williams asked for a report of end of year encumbrances. Mrs. Simpson said she would provide that when it became more firm and less static, probably mid-September. Mrs. Varnadore asked for the same information to see why POs that have been open for a long time would need to be carried forward. Mrs. Simpson said there are some blanket orders that may be open, but they are drawn upon all year. She will try to identify and break out POs and put them in a spreadsheet. Mrs. Varnadore said if a blanket PO was not used up in one year, there may be a mad dash to use it. It's possible if it wasn't used, it's not needed, and there might not be a need for such a large encumbrance in the next year. Mayor Bryant asked Department Heads if they held off until the end of the year to see if the budget would allow purchases. Mr. Tusing said he did. Mr. Williams said he would like a report of monies being spent prior to the close out on September 3. Mrs. Simpson said she will begin including an open PO report in the quarterly budget review.

Mr. Williams asked about budget amendments. Mrs. Simpson commented those only come to Commission when money is being transferred between cost centers; not within cost centers.

Regarding Section J on page 9, Administrative Service Fee, Mrs. Simpson said this is a way of regulating fees that could be assessed in any cost center; limited to 10%. This is new to the budget policy. If the current budget does not reflect this, the budget would be in conflict. She would like whatever number goes into the policy to be reflected in the current budget.

Mrs. Cornwell asked to leave a reference to the Building Department out in line 5, and just say ...and any other fund. Also, factor in where some cost centers are other than 10% and cover it for this budget. Mrs. Simpson said typically the Building Department is separated out, because it has its own reserves which funds operations. They are assessed administrative fees even though they're in the General Fund. She will look at rephrasing that sentence.

In response to Mrs. Lancaster's questions about Building Department funds, Mr. Tusing explained that the Building Department funds are governed by State Statutes. Their revenues have to be used only for the Building Department, but since they don't have anyone to do their finances, the City can assess fees for that service.

Following discussion, since not all parts of the policy can be implemented right away, the question was asked if the title could be changed to Budget Policy Goals. Mrs. Simpson said she will take that into consideration.

Page 10. Mrs. Cornwell suggested deleting sentences two and three in Section E. Grants. It is too specific. Finance will review. Mrs. Simpson said the next policy she will be bringing forward is a grant policy.

Regarding page 10, Section D, Revenue Optimization (c), Mrs. Varnadore said she will not support a rate increase at this time. Mrs. Simpson said Storm Water is still being subsidized and is within this budget policy.

Page 11 C. Mr. Williams asked to add that the Mayor will be notified if budget transfers are done within a project and she can notify Commission.

Page 12, Section 6A. Mrs. Cornwell asked about the City's mission as referred to on page 12. Mrs. Simpson said that refers to the City's mission statement. She asked why the financial plan is for three to five years. Mrs. Simpson said this is considered to be long-term planning and in best practices for financial planning they advise a long-term strategic plan. The length of time can be determined by Commission.

Based on this discussion, Mrs. Simpson will send out a track changes updated version to Commission.

1. FISCAL YEAR 2010-2011 BUDGET

Commission and Staff to discuss the budget.

Commission received a budget surplus handout (surplus based on the change in pension methodology), and a budget summary as of August 3, 2010.

Storm Water and Reuse fund balances are in negative amounts currently, but Mr. Freeman expects in a couple of years they will be in the positive range.

Mr. Freeman reviewed the budget assumptions page.

- ✓ Ad valorem revenues are down about \$730,000 vs. last year
- ✓ Ad valorem revenues are budgeted at 95% of estimated values
- ✓ All other revenues are based on projections from the State or the County web sites for the taxes the City receives
- ✓ TIF monies from CRA have been reduced 27%, or \$458,000, based on information from the Property Appraiser's Office
- ✓ General fund revenues include a 100% return of TIF from the CRA in the form of reimbursements – TIF dollars are used for budgeted positions

- ✓ No increases to utility user fees – there is money budgeted for a rate study and he recommends it
- ✓ Storm Water subsidy – over the past couple of years the City has subsidized about \$300,000 from Road and Bridge and Water and Sewer – the subsidy was reduced by \$50,000 this year
- ✓ Building Department and General Fund are in a deficit
- ✓ CRA is in a surplus position at this time; still evolving
- ✓ No step and no COLA in salaries
- ✓ No new positions added to the budget, but one upgrade from part time to full time
- ✓ Five unfunded vacant positions remain in the budget; leave or remove to be discussed
- ✓ Ten vacant positions remain funded in the budget (since this report a Planner and two Public Works employees have been hired)
- ✓ Health insurance is close to the amount budgeted
- ✓ Unemployment funds are budgeted as benefits have been extended
- ✓ Premiums for property casualty and liability- no increase
- ✓ Worker's Comp reduced by 20%, as it is typically over-budgeted
- ✓ Pension costs – 19% for Police Department and 23% for General Employees – new methodology is a percent of payroll and is reflected in this budget
- ✓ Salaries paid by CRA are based on the percentage of time worked in the CRA district – methodology being refined
- ✓ Revisions will be coming in the CRA budget
- ✓ Maintenance costs have increased on leases; some are expiring and are budgeted for appropriately
- ✓ Looking at a change in phone system to save money
- ✓ Three police cruisers are budgeted to be purchased through a capital lease
- ✓ Pointed out changes in object codes in the budget for Commissioners to keep in mind when reviewing the budget
- ✓ Clean air energy grant will be used towards IT server hardware
- ✓ Will see reduction in banking fees due to the change to BB&T

Commissioner Lancaster asked if CRA will get documentation for their money for salaries for auditing purposes. Mrs. Simpson said they are working towards putting a work order in the system.

Chief Wells commented that the Police Department is compiling statistics to show patrol hours in the CRA for salaries and will provide monthly reports.

2. ADJOURNMENT

Mayor Bryant adjourned the meeting at 7:13 p.m.

Minutes approved: September 13, 2010

James R. Freeman

James R. Freeman, City Clerk